



FEMA

# News Release

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## **MOST FEMA, COMMONWEALTH GRANTS WON'T AFFECT SOCIAL SECURITY, TAXES**

LEXINGTON, Ky. – Like most Americans, Kentuckians express a healthy dose of skepticism at things that seem too good to be true. This may pertain to disaster survivors who wonder if accepting Commonwealth and federal disaster assistance grants will cause them to lose Social Security benefits, pay additional income taxes, or change their eligibility for income-based benefit programs.

Officials with the Kentucky Division of Emergency Management (KYEM) and the Federal Emergency Management Agency (FEMA) say the Individuals and Households Program disaster assistance funds are tax-free. They are not counted as income and will not affect your Social Security benefits, your Commonwealth or federal retirement benefits, or any other temporary public benefit.

Here are answers to some common questions.

**Question:** If I earn more than a certain amount each year, I must repay \$1 of my Social Security payment for every \$2 earned. Will FEMA grants add to my income and require me to repay Social Security?

**Answer:** No. FEMA grants for housing and other needs are not counted as income.

**Question:** Will receiving a disaster assistance grant make my income increase to the extent that I am no longer eligible for Medicaid, food stamps, or Temporary Assistance for Needy Families administered by the Kentucky Cabinet for Health and Family Services?

**Answer:** No. Grants for housing and other needs are not counted as income in determining eligibility for any income-tested benefit programs funded by the U.S. government or the Commonwealth of Kentucky.

**Question:** Do any FEMA or Commonwealth grants count as income?

**Answer:** Yes. The IRS considers mitigation grants (money to make homes and businesses safe from future disasters) to be taxable improvements to private property. However, these mitigation grants are awarded separately from grants to individuals registering for disaster assistance.

For other questions you may have, consult your local attorney, contact Kentucky's Disaster Legal Services at 877-445-8763, or visit their web site <http://kydisasterlegalrelief.com/>.

To find copies of Social Security publications, visit the website at [www.socialsecurity.gov/pubs](http://www.socialsecurity.gov/pubs).

Additional information about this disaster is available at [www.fema.gov](http://www.fema.gov) and [www.kyem.ky.gov/currentdisasters](http://www.kyem.ky.gov/currentdisasters).

*FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.*

*FEMA's temporary housing assistance and grants for public transportation expenses, medical and dental expenses, and funeral and burial expenses do not require individuals to apply for an SBA loan. However, applicants who receive SBA loan applications must submit them to the SBA to be eligible for assistance that covers personal property, vehicle repair or replacement, and moving and storage expenses.*